



# International Agricultural Trade Report

## Dairy, Livestock, & Poultry Trade Update

March 9, 2001

### FY 2001 Trade Forecast -- Another Record Export Year

#### Summary

The FY 2001 export forecast for dairy, livestock, and poultry commodities is a record \$12.1 billion, up \$200 million (1 percent) from the November forecast. Increases in the forecast values for dairy, poultry, and hides and skins more than offset declines in red meat and rendered products.

**Red Meat:** The February FY 2001 export forecast for red meat is revised downward from the November projection to \$5.0 billion and 1.8 MMT due to a decrease in beef exports. Beef export volume is revised down 2 percent to 829,000 MT as the decline in per unit value dropped beef export value to \$2.9 billion. Exports to Japan and Korea are anticipated to decrease slightly from the November projections as the Japanese economy begins to slow and consumers purchase lower value cuts of beef. The pork export forecast was raised to 465,000 MT, valued at \$1.3 billion, as strong demand continues in Japan and Mexico. Higher valued fresh, boneless cuts are forecast to grow from year-earlier levels as the U.S. takes a portion of Korea's share in Japan and Mexico's economy continues to grow. Pork variety meat exports are projected higher based on a record setting first quarter in Mexico.

### FY 2001 Export Forecasts for DL&P Products

Revised Forecast for 2001: Up \$200 Million to \$12.1 Billion

#### Revisions since Nov due to...

##### Key Upside Developments

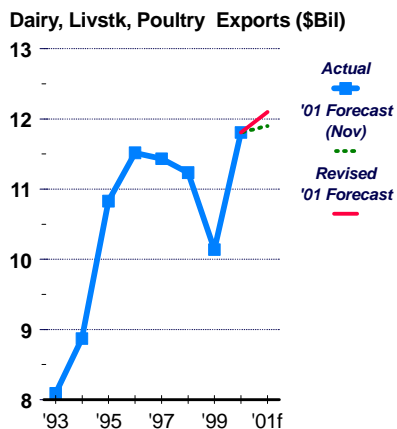
- US beef, pork & poultry meat exports benefit from growing Mexican economy
- Poultry exports raised due to continued sales to Russia, China & Mexico
- Export gains recorded for dairy products, live animals, beef tripe, and glues value

##### Key Downside Developments

- Slower sales of high-value beef cuts to Japan reduce total redmeat export forecast to \$5 billion, globally

##### Wild Cards

- BSE concerns create uncertainty in beef & rendered products trade with potential opportunities & threats to US suppliers



**Poultry:** For FY 2001, poultry product exports are forecast at \$2.3 billion, up \$100 million from November. Poultry meat exports are forecast at 2.9 million MT, valued at \$2.0 billion. Both volume and per unit value were raised slightly from the November estimate. Exports to Russia,

China, and Mexico continue to show strength. However, Russia and China primarily import the lower-priced chicken parts, which have kept the per unit value of total broiler exports down from last year's level. The Mexican market continues to dominate turkey exports. Export forecasts for eggs and egg products and live poultry remain unchanged.

**Dairy:** Total dairy exports for FY 2001 are now forecast at \$990 million, nearly \$40 million above the 2000 level. Asian demand is expected to continue strong as are the nearby markets of Canada and Mexico. Among products, whey products (dried whey and whey protein concentrate) are likely to show the strongest growth. Exports under DEIP may be down somewhat, but commercial exports are likely to more than offset that decline.

**Hides and Skins:** The February FY 2001 total hides and skins forecast is marginally higher at \$1.5 billion, reflecting a small increase in the whole cattle hide segment. The forecast U.S. decline in cattle slaughter will tighten hide supplies, thus raising prices. The higher prices should lead to increased export values, helped by an increase in volume to 20.5 million whole cattle hides. Continued strong export demand for whole cattle hides, especially in the key South Korea market, is expected to sustain the growth in export value and should help offset the minute decrease in calf and kip skin exports.

**Lard, Tallow, and Greases:** The FY 2001 export forecast for lard, tallow, and greases is revised down to \$380 million with a small decrease in volume to 1.2 million tons. Tightening supplies due to lower slaughter are expected to slow the growth in tallow export volume in FY 2001. The reductions in export volumes and values are partly attributed to growing world-wide concern over using rendered products in any form, whether it be for cosmetics, animal feed, or food.

<b>U.S. DLP Export Forecasts for FY 2001</b>		
<b>Value (billion \$)</b>		
<b>Exports</b>	<b>FY 2000</b>	<b>FY 2001</b>
Total Beef	3.7	3.6
Total Pork	1.3	1.4
Poultry Products	2.3	2.3
Lard, Tallow, Grease	0.4	0.4
Dairy Products	0.9	1.0
Hides & Skins	1.5	1.5
Other	1.7	1.9
<b>Total</b>	<b>11.9</b>	<b>12.1</b>

**DLP Contacts:** Cattle & Beef: Tony Halstead/720-7285; Hogs and Pork: Tim Rocke/720-7715; Yoonhee Macke/720-8252; Poultry: Alessandra Sartori/720-7066; Dairy Products: Art Coffing/720-3761; Other Livestock Products: Michael Riedel/720-1349